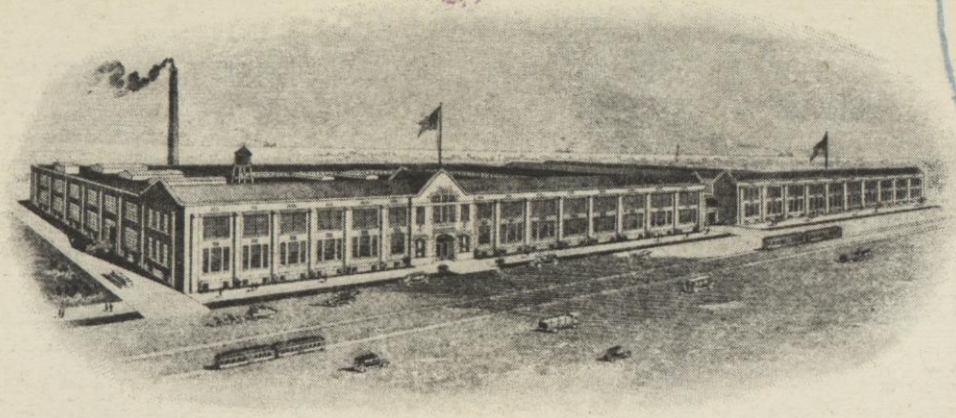
CLEVELAND PUBLIC LIBRARY
BUSINESS INF. DEP.
CORPORATION FILE

STATISTICAL LIBRARY
OTIS & CO.
NOT TO BE TAKEN AWAY



The Morgan Lithograph Co

CLEVELAND, O.

Annual Report to Stockholders

1927

THE ONLY COMMERCIAL & POSTER PRINTING HOUSE IN THE WORLD AWARDED THE MEDAL OF HONOR AND DIPLOMA OF MERIT AT WORLD'S FAIR AND PARIS EXPOSITION.

Subsidiaries:

Otis Lithograph Co.
Ritchey Lithographing Corp.
Butts Litho Co., Inc.
J. H. Tooker Printing Co., Inc.
Morgan Properties Co.

OFFICERS

P. J. Morgan ..... President
Geo. W. Morgan ..... Vice-President
E. S. Gaylor, Jr. ..... Vice-President
Vernon Charnley ..... Sec'y and Treas.

DIRECTORS

P. J. Morgan ..... Cleveland
Geo. W. Morgan ..... Cleveland
John Sherwin ..... Cleveland
Vernon Charnley ..... Cleveland
John Sherwin, Jr. ..... Cleveland
Ralph Hubbart ..... Chicago

STOCK TRANSFER AGENTS

The Union Trust Co.
Cleveland, Ohio

The Continental and Commercial
Trust and Savings Bank
Chicago, Ill.

REGISTRARS

The Central National Bank
Cleveland, Ohio

The National Bank of the Republic
Chicago, Ill.

GENERAL OFFICES: Payne Avenue, Cleveland, Ohio

BRANCH OFFICES

New York City ..... 24 West 40th St.
Boston, Mass. ..... 22 Bloomfield St.
Philadelphia, Pa. ..... 1420 Chestnut St.
Toledo, Ohio ..... Smith-Baker Bldg.
Pittsburgh, Pa. ..... First Nat'l Bank Bldg.
Detroit, Mich. ..... General Motors Bldg.
Chicago, Ill. ..... Tower Bldg.
Kansas City, Mo. ..... Mutual Building
Atlanta, Ga. ..... Thrower Building
Los Angeles, Calif., 257 South Spring St.

PLANTS

Payne Avenue, Cleveland, Ohio
Elmhurst, Long Island
W. 31st Street, New York City

WAREHOUSES

East 30th Street,
Cleveland, Ohio

South Jane and William Sts.,
New York City

September 29, 1927

To the Stockholders of The Morgan Lithograph Company:—

Herewith is Balance Sheet of your Company at the close of its sixty-first year, ending June 30th, 1927, and Income and Expense Statement for the same period.

During the year net sales of the Company showed an increase, although not the increase your management expected, which was chiefly due to the fact that a large portion of your Company's business was in the manufacturing of motion picture posters, and during the past year motion picture producers released their larger pictures in one or two centers rather than in twenty or more. This retarded the sale of posters pending the general country-wide release, as a result of which posters for the big pictures released last September are only now commencing to be used in volume.

Net profits for the year, as per the attached Income and Expense Statement, amounted to $461,118.10 after all charges and Federal taxes. Although profits show a decrease of $101,119.06 under last year, this is not altogether ungratifying when carefully analyzed. At the beginning of our fiscal year the Company took over the assets and liabilities of The Otis Lithograph Company and there has been the natural expenses always incident to such an acquisition, which are non-recurring. The largest portion of these expenses were occasioned by the fact that the management, after a careful study of the situation, decided to move the manufacturing operations of The Otis Lithograph Company into the Morgan plant, and to place the shipping and warehousing operations in the Otis plant, dispensing with the present leased warehouse. In addition all the equipment was completely overhauled before placing it in the Morgan plant. All costs of moving and overhauling were charged into current operations. This moving is now practically complete and your management feels that your Company now has an exceedingly well balanced and economical lithograph operation. This is evidenced by the fact that profits for the first two months of this fiscal year, July and August, exceeded those of last year by the sum of $126,929.70.

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A careful analysis of the balance sheet will show the Company to be in a very healthy position, with a large cash reserve. The reduction in net current assets was made up largely of a write-off in inventory amounting to $266,208.58, which was charged to the contingency reserve and surplus. This covered a shrinkage in inventory of posters at film exchanges all over the country where no actual inventory had been taken for several years. This charge-off was anticipated by your management and a special reserve set up against it each year in the past. After this write-off your management feels that the inventory is on the safe side. The reduction in both current assets and current liabilities is, in the most part, due to liquidation of accounts receivable and payable of The Otis Lithograph Company.

The item of artist drawings on plates held for re-order is carried at $1.00. This asset carrying the entire cost of the art work, which is the major item in labor cost, was expensed in current operations. Insurance coverage on this item is $150,000.00.

An analysis of present conditions seems to point to a prosperous year for your Company. The motion picture industry is now busily engaged in preparing for the 1927-28 season, which they all anticipate will be the largest season in the history of the industry. As a result of this your plant has run at capacity during July and August for the first time, and present indications are that it will continue at that rate. During the past year commercial sales have increased nearly 100 per cent in spite of many obstacles encountered in taking over the Otis Company. Commercial sales are now well in hand and the sales department is extremely well organized. From all indications commercial sales should increase very largely during the coming year. The usual dividend of $1.25 has been declared payable October 1st.

Formal notice of the annual meeting of stockholders called for October 10th, 1927, and proxy for same are enclosed herewith.

By Order of the Board of Directors.

P. J. Morgan
President

BALANC

THE MORGAN LITHOGRAP

As of the close of bu

ASSETS

Current		
Cash	$ 9,513.09	
U. S. Government Securities	338,000.00	
Customers' Notes, Acceptances and Accounts Receivable, less Allowance for Doubtful, etc.	560,436.09	
Inventory	1,188,504.11	$2,096,453.29
Investment in Subsidiary Company		
Entire Capital Stock of Morgan Properties Company at its book value		579,718.77
Other Assets		
Cash Surrender Value of Life Insurance, Personal and Miscellaneous Notes and Accounts Receivable, Agents' Advances, Investments, etc.		263,032.60
Engravings on Lithograph Plates and Stones, Good Will, Etc.		1.00
Deferred		
Prepaid Expenses, Factory Supplies, etc.		61,394.33
		$3,000,599.99

(Note A) The Company was reported as being contingently liable at June 30, 1927 as endorser on discounted notes aggregating $4,770.50.

WE HEREBY CERTIFY, that we have examined the books of account
for the year ended June 30, 1927, and that, in our opinion, based upon the rec
adjustment upon determination of the final liability for Taxes, the above Balan
Company as of the date named and the relative Operating Statement is correct

September 9, 1927

E SHEET

H COMPANY—CLEVELAND

siness June 30, 1927.

LIABILITIES

Current			
Accounts Payable			
For Purchases, Expenses, etc.	$167,425.28		
Unpaid Pay Rolls	20,652.80		
Personal and Miscellaneous Accounts	12,094.01		
Customers' Credit Balances	11,112.07	$ 211,284.16	
Contract Payable			
Net Amount due for the purchase of the net Assets of The Otis Lithograph Company		18,842.78	
Dividend Payable			
Payable July 1, 1927 to Common Stockholders		125,000.00	
Accrued			
Real, Personal and Corporate Taxes	$ 41,887.76		
Estimated Federal Income Tax for year ended June 30, 1927	15,000.00		
Water Rent, Insurance, etc.	515.15	57,402.91	
Due Subsidiary Company			
Morgan Properties Company—Open Account		39,982.28	$ 452,512.13
Nominal			
Capital Stock			
100,000 shares Common Stock of No Par Value issued and outstanding Declared Value $5.00 per share		$ 500,000.00	
Surplus			
Balance June 30, 1927 including Unearned Surplus		2,048,087.86	2,548,087.86
			$3,000,599.99

and record of THE MORGAN LITHOGRAPH COMPANY—CLEVELAND,
rds examined and information obtained by us and subject to any necessary
ce Sheet is drawn up so as to correctly set forth the financial position of the

Ernst & Ernst
Certified Public Accountants

OPERATING STATEMENT
THE MORGAN LITHOGRAPH COMPANY—CLEVELAND
For the year ended June 30, 1927

Profit from Operations (Exclusive of Depreciation and Rental of Plant)			$690,695.47
Other Deductions:			
Provision for Customers' and Agents' Doubtful Accounts	$15,000.00		
Donations	12,420.06		
Interest Paid	10,633.28		
Miscellaneous	10,603.66	$48,657.00	
Less: Other Income:			
Interest Earned	$ 5,232.69		
Miscellaneous	17,009.82	22,242.51	26,414.49
Profit before Provision for Depreciation, Plant Rental and Federal Taxes			$664,280.98
Depreciation (For period from July 1, 1926 to August 15, 1926)		$13,676.61	
Rental of Plant, under lease, including provision for expenses of Morgan Properties Company in excess of its income (For period from August 15, 1926 to June 30, 1927)		174,486.27	188,162.88
Profit before Provision for Federal Taxes			$476,118.10
Provision for Estimated Federal Taxes			15,000.00
		Net Profit	$461,118.10

SURPLUS
June 30, 1927

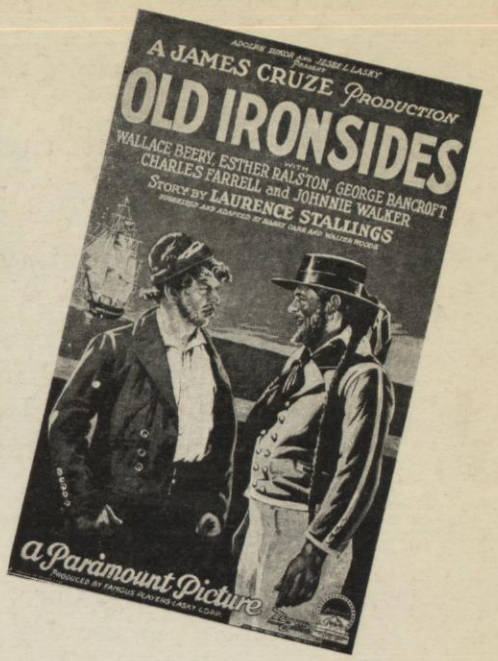
Surplus June 30, 1926—as shown by report to Stockholders				$2,264,789.64
Deductions:				
Charges applicable to prior periods:				
Shrinkage in the book value of Inventory in Warehouses and Exchanges and the estimated transportation paid thereon	$266,208.58			
Doubtful Accounts charged off in excess of specific allowance provided therefor at June 30, 1926	72,520.33			
Provisions for Doubtful Accounts	15,000.00			
Sundry Minor items—Net	8,194.11	$361,923.02		
Less: Reserve provided as of June 30, 1926		188,817.42	$173,105.60	
Amortized portion of Leasehold			4,714.28	
Dividends Paid and Provided for—Cash $5.00 per share			500,000.00	
			$677,819.88	
Less: Net Profit for the year ended June 30, 1927—as shown by Operating Statement			461,118.10	216,701.78
Surplus June 30, 1927, as shown on the accompanying balance sheet				$2,048,087.86

A few of the larger national advertisers for whom The Morgan Lithograph Company made posters and display material during the past year:

Universal Film Exchanges, Inc.
Paramount Famous Lasky Corp.
First National Pictures, Inc.
Pathe Exchange, Inc.
Metro-Goldwyn-Mayer Pictures
F. B. O. Pictures Corp.
Rayart Pictures Corp.
Excellent Pictures Corp.
Lumas Film Corp.
Anchor Film Distributors, Inc.
Sterling Pictures Distributing Corp.
American Cinema Association
Loew's, Inc.
Shubert Theatre Corp.
David Belasco
Charles Frohman
Morris Gest
William A. Brady
Howard Thurston
L. L. Weber
Standard Oil Company
R. J. Reynolds Tobacco Co.
Wm. Wrigley, Jr. Co.
Atwater-Kent Mfg. Co.
Radio Corp. of America
Ward Baking Co., Inc.
The Borden Company
B. V. D. Company
B. Kuppenheimer & Co., Inc.
Williams Oilomatic Heating Corp.
Sinclair Refining Co.
Westinghouse Electric & Mfg. Co.
Electric Vacuum Cleaner Co.
C. G. Conn, Ltd.
Glidden Company
Johnson & Johnson
Kelvinator Corp.
Mavis Corp.
Palmolive-Peet Co.
Sherwin Williams Co.
Pinkerton Tobacco Co.
General Cigar Co.
Webster Cigar Co.
Consolidated Cigar Corp.
Brunswick Balke Collender Co.
Calumet Baking Powder Co.
Belber Trunk & Bag Co.
B. T. Babbit Co.
Scott Paper Co.
American Railway Express Co.
American Linseed Co.
Aluminum Cooking Utensil Co.
Sealy Mattress Corp.
Splitdorf-Bethlehem Electric Co.
Conde-Nast Publications
U. S. Fisheries Co.
Butterick Publishing Co.
Jantzen Knitting Mills
Auto Strop Safety Razor Co.
Atlantic Refining Co.
Oshkosh Overall Co.
Gabriel Snubbers Mfg. Co.
Chrysler Corporation
Peerless Motor Car Corp.
Willys-Overland, Inc.
Paige-Detroit Motor Car Co.
Goodyear Tire & Rubber Co.
Firestone Tire & Rubber Co.
General Tire & Rubber Co.
Miller Rubber Co.
Mohawk Rubber Co.
India Tire & Rubber Co.
Dunlop Tire & Rubber Co.
Mansfield Tire & Rubber Co.
Faultless Rubber Co.

CARL LAEMMLE
presents
VICTOR HUGOS IMMORTAL CLASSIC
"Les Miserables"
UNIVERSAL FILM DE FRANCE TRIUMPH

warmth where you want it
Instant warmth
warmth where you want it
Westinghouse
COZY GLOW


A JAMES CRUZE PRODUCTION
OLD IRONSIDES
WALLACE BEERY, ESTHER RALSTON, GEORGE BANCROFT
CHARLES FARRELL and JOHNNIE WALKER
STORY BY LAURENCE STALLINGS
a Paramount Picture

GOODYEAR BALLOON
GOOD YEAR
means
Good Wear

King Vidor's
PICTURIZATION
OF
LAURENCE STALLINGS'
GREAT STORY
The BIG PARADE
STARRING
JOHN GILBERT
with
RENEE ADOREE
A Metro-Goldwyn-Mayer Production

LUCKY TIGER
FOR HAIR AND SCALP

RICHARD BARTHELMESS
The PATENT LEATHER KID
By RUPERT HUGHES
ALFRED SANTELL PRODUCTION
Directed by ALFRED SANTELL
AL ROCKETT
A FIRST NATIONAL PICTURE